

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE AMENDED APPLICATION OF ORCHARD)  
GRASS SANITATION, INC., FOR AN )  
ORDER PURSUANT TO CHAPTER 278 OF )  
THE KENTUCKY REVISED STATUTES )  
AUTHORIZING AN ADJUSTMENT IN RATES) CASE NO. 8193  
FOR THE EXISTING SEWAGE TREATMENT )  
PLANT SERVING ORCHARD GRASS HILLS )  
SUBDIVISION, OLDHAM COUNTY, )  
KENTUCKY )

O R D E R

IT IS ORDERED that the rehearing in this matter be and it hereby is set for hearing on the 25th day of May, 1982 at 9:00 a.m. Eastern Daylight Time, in the Commission's offices at Frankfort, Kentucky.

IT IS FURTHER ORDERED that Orchard Grass Sanitation, Inc., shall file an original and six copies of the following information with the Commission by May 14, 1982. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case will be dismissed.

(1) In your response of November 10, 1981, to the Commission's request for information Item 7 you state that the total development costs through 1980 amounted to \$2,519,684 and of this total cost \$782,668 was the cost of land. Provide a detailed analysis of the remaining development costs of \$1,737,007.

The analysis to be provided at a minimum should itemize major components of development cost by invoice giving the date of the invoice, dollar amount and a description of each expenditure for all items exceeding \$5,000 in value. Items of lesser value may be grouped into categories of specific cost with a narrative explanation of the number of items in each group, the price range for that group of items, and a description of that group.

(2) In item 7 of the November 10, 1981, response to the Commission's request for information you stated that "In December of 1980, Titan Deveolpment Corporation, through its parent (Titan Group, Inc.) exchanged all remaining lots (25) and undeveloped land for a reduction in indebtedness." With regard to that response provide the following information:

- A. The exact identity of the entity which received the property for a reduction in indebtedness.
- B. The total amount of reduction in indebtedness exchanged for the lots and undeveloped land.
- C. The total amount (acres) of undeveloped land which was owned by Titan Development and included in the exchange.
- D. The cost of any improvements made to the undeveloped land subsequent to the purchase by Titan Development, and prior to the exchange for a reduction of indebtedness.
- E. The plans (if known) for any future development of the land in question by the present owners. Also, provide the current status and plans for the 25 developed lots.

(3) Provide copies of the Kentucky Income Tax Returns for Titan Development Corporation for the years 1973 through 1981.

(4) Provide details of any plans for future expansion of the service area of Orchard Grass, beyond the 321 customers now being served.

(5) In the November 10, 1981, response to the Commission's request for information Item 3 you provided an analysis of the total cost of the 100,000 GPD sewage treatment plant and the 300,000 GPD plant. From the information supplied in Exhibit II to that response, indicate the specific items of plant which are no longer in service as a result of the construction of the 300,000 GPD treatment plant.

(6) Provide a detailed depreciation schedule for all items of plant in service classified in accordance with the Uniform System of Accounts for Sewer Utilities.

(7) Provide any evidence of applications or other formal requests by Orchard Grass, of the Commission prior to the filing of July 27, 1981, to authorize any form of indebtedness for construction of sewage treatment facilities by Orchard Grass. Likewise, provide any documentation of authorization by this Commission for Orchard Grass to incur indebtedness to its parent company or any other entity.

(8) Provide references to rate applications or any other evidence of requests by Orchard Grass for approval of retail rates which included interest cost on any form of authorized or unauthorized indebtedness.

9) Provide an analysis of the daily prime rate established by the Midlantic National Bank/Citizens, Englewood, New Jersey, for calendar years 1979, 1980 and 1981 and through the date of this order in 1982.

10) Provide the computation of the annual interest cost for 1981 under the terms of the loan agreement which Orchard Grass is requesting the Commission to approve.

Done at Frankfort, Kentucky, this 28th day of April, 1982.

PUBLIC SERVICE COMMISSION

Michael M. Vohs  
For the Commission

ATTEST:

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Secretary